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WESTERN EUROPE REVIEW

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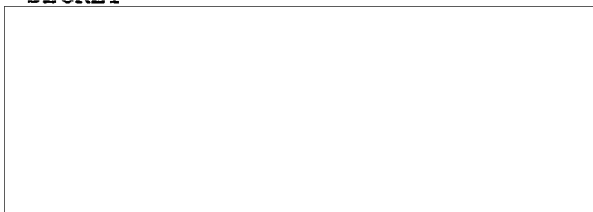
The question of Italy's and Ireland's adherence to the new European Monetary System will be foremost on the mind of Commission President Roy Jenkins when he visits President Carter on Thursday.

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Belgium: Once More Into the Booths

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Belgian voters will go to the polls next Sunday to choose yet another government whose main job will be to devise a devolution plan acceptable to the country's Walloon and Flemish communities. Decisions on other pressing issues--economic and defense--will be delayed until some progress is made on resolving the linguistic problem. Formation of a new government may take several months; the major stumbling block is expected to be the choice of a prime minister.

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Belgium's 36th government in the last 45 years fell on 11 October when Prime Minister Tindemans, a Flemish Social Christian (CVP), resigned over the controversial Egmont plan to create a devolved government aimed at resolving the longstanding controversy between Belgium's French and Flemish speakers. Minister of Defense Vanden Boeynants has been head of the interim government.

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The new parliament will have the power to revise the constitution to give the three regions of Belgium--Flanders, Wallonia, and Brussels--greater autonomy for local matters, especially in the area of finance. There is little indication, however, that the next government will be able to accomplish this goal any more easily than the previous one. In fact, the goal may be harder to achieve now. Tensions between representatives of the two linguistic communities have been increasing over the past year, culminating in Tindemans' resignation. In this atmosphere, the spirit of compromise will be as elusive as it is essential.

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The Issues

The devolution plan remains the leading issue for most politicians in the governing coalition. The three francophone parties in the coalition--the Walloon Social Christians (PSC), the Walloon Socialists (PS), and the French Democratic Front (FDF)--have formed a common front to defend the Egmont plan, especially the provisions that

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ensure privileges for French-speakers in Brussels. They and the powerful General Federation of Labor oppose any move to diminish the status of Brussels. They resent Flemish--and especially CVP--domination of Belgian politics and criticize Tindemans for bringing the government down. In Flanders, no structured counterfront has been formed, but representatives from all the Flemish parties, including the Socialists, have declared their opposition to key parts of the Egmont pact that are especially dear to the hearts of French-speakers. [REDACTED]

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Moderate candidates in the Socialist, Social Christian, and Liberal parties realize that the gravest issue in Belgium is the economy. Unemployment and industrial stagnation are worse in Wallonia, and politicians from that region claim that regionalization could bring economic recovery there. Yet a leader of the Socialist Party admits that no one has a clear view of the possible economic consequences of regionalization and that the regions of Belgium are bound to remain economically interdependent even under a devolved government. [REDACTED]

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Political leaders are far more interested in devolution than is the electorate. A poll taken a week after Tindemans' resignation showed there is no majority in the country, or in any of the three regions, favoring a regional breakdown of an extended list of government powers. Only a quarter of those polled would retain the Egmont pact in its present form, while nearly 40 percent would scrap it and begin afresh. Regionalization placed fifth as a pressing national issue, well behind social and economic needs. In Liege, a large city in Wallonia, 52 percent of those polled thought that no one was making a serious effort to resolve the economic crisis. [REDACTED]

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Party Strength

The Social Christians will probably emerge from the election as the dominant party. The CVP needs only six more votes--in addition to their current 56--to have a majority of seats in Flanders. They may well pick up some of the Volksunie's 20 seats. Virtually all observers believe that the Volksunie, which helped negotiate the Egmont pact, will be hurt by rising antipact sentiment among Flemish supporters of devolution. [REDACTED]

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25X1 The Socialists have been hurt by their recent split into Flemish and French wings. The outspoken and contentious André Cools, who dominates the PS, has much riding on the back of the francophone front, which he helped organize. Flemish Socialists will be hampered by the fact that their leader, Karel Van Miert, is not a candidate for a parliamentary seat. But open alignment with other Flemings on community questions could enable them to present a more attractive profile in Flanders. As a result of the split and the confusion it has caused in the labor unions, the Socialists may lose some of their 62 seats. [REDACTED]

25X1 The fate of the francophone parties will be of major significance. The PSC hopes to profit from having had Vanden Boeynants as Prime Minister. Stridently carrying the francophone banner in Brussels, the FDF may well be too far ahead of the pack and could lose one or two of its 15 seats to the more moderate PSC, which currently has 24. [REDACTED]

The Liberals could increase their current 23 seats in both Flanders and Wallonia. Excluded from the current Tindemans government, the party has not been associated with the Egmont pact and is claiming credit for having followed a policy of "constructive opposition." [REDACTED] 25X1

The Prime Minister

25X1 It is still unclear who will become the next prime minister. Tindemans is counting on a massive personal endorsement from his Antwerp constituents to confirm him as the pivotal figure in Belgian politics. Despite his undeniable personal popularity, he has lost much credibility as a leader among his former coalition partners and, to a lesser extent, in his own party. Many believe that he must bear the responsibility for scuttling the Egmont pact which, for all its imperfections, would have brought some measure of community peace. Even those who favor his stand on the pact doubt his ability to lead another government. [REDACTED]

Politicians from several parties have mentioned their willingness to support Vanden Boeynants, who performed well as head of the caretaker government. He is respected as a shrewd politician who, in their opinion,

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speaks his mind but who--unlike Tindemans--knows the necessity of compromise. He speaks French and is a native of Brussels, yet is sympathetic to Flemish concerns. The more radical Walloon politicians might accept his compromises more readily than those of a Flemish prime minister. Whether or not he becomes prime minister, his government will continue in caretaker status until the new government is formed. [REDACTED]

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CVP party president Wilfried Martens has also been mentioned as a likely candidate. Long the key upholder and negotiator of the Egmont pact, the now somewhat battered Martens has been playing it cool. He loyally has ruled out any veto of Tindemans as prime minister and will not become available for the job until and unless Tindemans bows out. Martens' chances might improve if there is a long interregnum with Vanden Boeynants as caretaker. [REDACTED]

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In all likelihood the next prime minister will be a Social Christian, since there is little chance that the party's domination of Belgian politics will be broken. In the event that no Social Christian can form a government, the King might turn to Foreign Minister Simonet, a Socialist and French-speaking Bruxellois with a national reputation but a narrow party power base. Another remote possibility is an anti-CVP coalition including the Flemish Liberals, Socialists, and the Volksunie as well as the PS and the PSC. [REDACTED]

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Outlook

Whatever the outcome of the election, Belgium's political leaders will be facing the same problems, as well as each other. A former Liberal party leader believes that, although the new parliament must sit by 17 February, it could take as long as five months to form a government, while the contenders discuss whether they can work together. Others have remarked wryly that the process of forming the government could rival that of the Dutch in length. In the meantime, Vanden Boeynants would lead a caretaker government able to deal only with current, pressing matters. Assuming that a new government can be pieced together, it would rest--as did its predecessor--on another fragile community accord, no more permanent perhaps than the Egmont plan. [REDACTED]

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The EC on the Eve of Commission President Jenkins' US Visit

The question of Italy's and Ireland's adherence to the new European Monetary System (EMS) will be foremost on the mind of Commission President Roy Jenkins when he visits President Carter on Thursday. Jenkins has been worried that if these two countries, along with the UK, decide against full participation in the system as of its 1 January starting date, EC monetary harmonization risks an early demise. If, on the other hand, Italy has committed itself to full participation--as now seems likely--Ireland will likely do the same and Jenkins will be elated.

Beyond this issue, Jenkins is aware that the obstacles that arose in the attempt to establish an EMS in which all EC countries could take part fully from the beginning threaten the Community's overall evolution as well.

West German Chancellor Schmidt's campaign for firmer EC cooperation in monetary policy and other areas has met with reserve from French President Giscard when the question of EC resource transfers arises. Domestic pressures on Giscard, including his party's need to make a strong showing in direct elections to the European Parliament next June, have forced him to restrict French backing for EC resource transfers to poorer states, whether in the context of monetary integration or EC enlargement, despite his political commitment to those goals.

The UK's partial participation in the EMS reflects a profound political ambivalence among the British about their ties to the EC. This conflict is reinforced by a conviction that EC budgetary assessments, agricultural policy, and fisheries plans put unfair burdens on the UK whatever the political value of Community membership.

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Irish and Italian officials' conviction that they could not afford to join the EMS without substantial resource transfers emphasizes the gap between rich and poor EC countries. The gap will widen during the 1980s as the EC admits Greece, Portugal, and Spain. The resource transfers they will require will dwarf the amounts refused to Ireland and Italy for monetary harmonization at the EC summit last week. [REDACTED]

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Moreover, the EC believes it must offer aid to some poor nonmembers as well: Jenkins particularly wants to discuss with President Carter financial support for Turkey. [REDACTED]

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Despite these strains, the pace of EC activity has quickened in recent months, and the Commission and its President at midterm seem practiced and effective. But the long-term risk remains that monetary harmonization, enlargement, or other major programs, will surpass the Community's capabilities. Even modest success in these ambitious efforts would invigorate the Community in all its dimensions. [REDACTED]

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